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CHAIRMAN'S CONGRESSIONAL REPLY COVER SHEET

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JUN 21 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Incoming: Honorable Lamar Smith
Subject: Spectrum auction rule making proceeding

Background: Congressman Smith has provided his personal views and concerns on how the Commission should implement the provisions of the Budget Act of 1993 concerning competitive bidding. Specifically, he is concerned about how a system of competitive bidding would affect certain entities designated for preferential measures by the Budget Act.

Outgoing: The outgoing notes that the Auction NPRM proposes a variety of measures, such as installment plans with interest, to ensure the economic opportunity for the designated entities.

Bureau: Office of Plans and Policy (OPP)

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May 24, 1992

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OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

NOV 10 1993

Honorable Lamar Smith
House of Representatives
2443 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Smith:

This is in reply to your letter of September 12, 1993, concerning the impact of the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on small and rural telephone companies that serve rural areas.

On October 12, 1993, the Commission released a Notice of Proposed Rule Making, PP Docket No. 93-253 (Auction NPRM), to implement the provisions of the Budget Act concerning competitive bidding. According to the Budget Act, the Commission must ensure the economic opportunity of small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction NPRM proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for radio services subject to competitive bidding, *i.e.*, installment payments with interest. We also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS, rather than against larger entities with easier access to capital.

In addition, the Auction NPRM asks whether one of the designated entities, rural telephone companies, should only be eligible for preferential measures if the license for which they bid also encompasses all or some significant portion of their franchised service area. If adopted, this proposal would help ensure that entities interested in constructing and operating PCS systems have investment incentives to serve rural areas. As we consider the comments filed in the competitive bidding proceeding, I can assure you that we will keep in mind our mandate to ensure economic opportunity for the designated entities, including rural telcos, as required by the Budget Act.

Sincerely,

James H. Quello
Chairman

LAMAR SMITH
21ST DISTRICT, TEXAS
JOHN W. LAMPMANN
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Congress of the United States

House of Representatives

September 12, 1993

COMMITTEE ON THE BUDGET
COMMITTEE ON THE JUDICIARY

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IMMIGRATION, AND REFUGEES

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POLICY COMMITTEE

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90-314
PJ
JH

3709

The Honorable James H. Quello
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 802
Washington, D.C. 20554

Dear Chairman Quello:

I am writing to encourage the FCC to implement the provisions of the Revenue Reconciliation Act of 1993 by ensuring that small and rural telephone systems are able to provide new services, such as Personal Communications Services, under an auction regime.

Small and rural telephone systems are best situated to assure new services and technologies reach rural subscribers. These companies have a proven track record of delivering state-of-the-art technologies to subscribers in rural America.

Your assistance in ensuring that rural telephone systems be given the opportunity to provide Personal Communications Services would be greatly appreciated.

Sincerely,

Lamar Smith
Member of Congress

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